

## BUDGET ANALYSIS AND AMENDMENT PROCEDURE

### PURPOSE:

To establish the policy for required budget analysis and budget amendments to be submitted to the State agency.

### SCOPE:

Institutions participating in the Child and Adult Care Food Program (CACFP)

### DESCRIPTION:

The budget completed at the beginning of each program year should be a reflection of the projected food program expenditures that your institution anticipates incurring throughout the program year. Each institution is required to have a system in place with which to reconcile actual expenses to the budget at regular intervals. This means analyzing year-to-date expenses and anticipated expenses through the end of the year.

***Sponsors of centers (affiliated and unaffiliated) may retain no more than 15% of CACFP meal reimbursement for any type of administrative costs. This will be monitored closely during program reviews and during contract renewal.***

***Sponsoring organizations may apply to the State Agency to have the 15% CAP waived. The organization must provide written justification to the State Agency that it requires Program funds in excess of 15% to pay its administrative costs and that it will have adequate funding to provide meals/snacks that meet the requirements of §226.20. The request will be reviewed by a committee consisting of the CACFP Coordinator, the CNP Manager, and SCNP Special Projects Manager. All approvals and denials will be documented in writing and a copy of each will be forwarded to the USDA Midwest Regional Office.***

Situations may arise that will require you to amend your budget. These include, but are not limited to:

- a. the number of facilities increases or decreases
- b. participation increases or decreases
- c. projected reimbursement increases or decreases

Sponsor organizations should conduct a review of the budget compared to actual expenses at least three times per fiscal year (December, March, and June). Documentation of this review is to be maintained in the sponsor's office and made available to State agency staff upon request. In addition, each sponsor should conduct a fiscal year-end comparison of the budget to actual expenses.

### Sponsors of Affiliated Centers and Independent Centers

When any of the three situations listed above increase or decrease by 10%, organizations must submit an amended budget with an explanation for the budget changes.

Sponsors of Homes and Unaffiliated Centers

After comparing the budget to actual expensed, the sponsor should comply with the following directions:

- \$ Complete an evaluation of expenses versus budget each quarter.
- \$ Analyze the findings and amended the budget if there are any upward or downward changes.
- \$ Submit an amended budget and the corresponding work sheet(s) to the State agency for any changes (Grand Total) of the budget sheet.
- \$ Submit an amended budget and the corresponding work sheet(s) to the State agency for any changes in line items marked with a ☐.
- \$ Submit an amended budget and the corresponding work sheet(s) to the State agency for any changes in line items NOT marked with a ☐, if the change is **more than 10% (up or down)**.
- \$ Keep the amended budget and appropriate documentation for line items that are NOT marked with a ☐, in the sponsor's office, if the change is less than 10%. This must be made available to the State agency staff upon request.

Sponsors of home and unaffiliated centers should submit the budget summary sheet, completed in its entirety, and corresponding work sheets each time an amendment is submitted to the State agency.

A request for an amended budget should be in writing, and sent via e-mail, fax, or regular mail to the attention of the CACFP staff. The State Agency will respond within 10 days of receiving a request for approval to the amended budget. The request must contain: (1) the specific cost item(s) that is being amended, (2) the projected dollar amount that is being changed, and (3) the source of funding that will cover the costs (i.e., CACFP, Tuition, and/or Head Start). If the cost item is to be funded directly with CACFP funds, any additional supporting documentation must also be submitted prior to approval.

Budget amendments will be accepted anytime prior to September 1, utilizing the procedures listed above.

This policy is effective October 1, 2007.

SOURCE: 7 CFR 226.7 (g); Division of School and Community Nutrition Programs